

NOVA SCOTIA POWER INC.

NOTICE OF

**April 3, 1996**  
**Annual Meeting of**  
**Common Shareholders**

AND

**Management Information**  
**Circular**



February 9, 1996

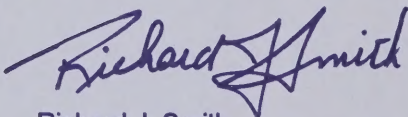
## NOTICE OF ANNUAL MEETING

The Annual Meeting of the Shareholders of Nova Scotia Power Incorporated will be held in the Port Royal Room of the World Trade and Convention Centre, 1800 Argyle Street, Halifax, Nova Scotia on Wednesday, April 3, 1996 at 11:00 a.m. (Halifax time) for the purposes of:

1. Receiving the Statements of Earnings and Retained Earnings for the year ended December 31, 1995; the Balance Sheet as at December 31, 1995; and the Statement of Changes in Cash Position for the year ended December 31, 1995; together with the Management and Auditors' reports;
2. Electing Directors to serve for the ensuing year;
3. Appointing Auditors;
4. Authorizing the Directors to establish the remuneration of the Auditors;
5. Transacting such other business as may properly come before the Meeting.

Shareholders of record as of the close of business Wednesday, February 28, 1996 are entitled to vote at and participate in the business of the Meeting.

By Order of the Board of Directors,



Richard J. Smith  
Secretary and General Counsel

Halifax, Nova Scotia  
February 9, 1996

It is important that your shares be represented at the meeting. Shareholders are encouraged to return their proxy as soon as possible in the postage-paid and pre-addressed envelope provided. Proxies must be returned to Montreal Trust Company of Canada at 1465 Brenton Street, P.O. Box 36012, Halifax, Nova Scotia B3J 3S9, prior to the close of business on Monday, April 1, 1996.

Should you have any questions or comments, you may contact Nova Scotia Power by writing to the Secretary and General Counsel, Nova Scotia Power, P.O. Box 910, Halifax, Nova Scotia B3J 2W5 or by calling 1-800-358-1995 from anywhere in North America or 428-6060 within the Halifax-Dartmouth area.

The World Trade and Convention Centre is wheelchair accessible through the Argyle Street entrance. Sign language interpretation will be provided during the meeting.



**MANAGEMENT INFORMATION CIRCULAR**  
Information as of February 9, 1996

**SOLICITATION OF PROXIES**

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the Board of Directors and management of Nova Scotia Power Incorporated ("Nova Scotia Power") for use at the Annual Meeting (the "Meeting") of common shareholders (the "Shareholders") of Nova Scotia Power to be held on Wednesday, April 3, 1996 at the place and for the purposes set forth in the Notice of Annual Meeting accompanying this Circular. Enclosed with this Circular is a Form of Proxy. The solicitation will be primarily by mail. Proxies may also be solicited personally, by telephone or facsimile by Directors, Officers, other regular employees, or agents of Nova Scotia Power. The cost of this solicitation will be borne by Nova Scotia Power.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed Form of Proxy, Derek Oland, Chair of the Board, and Dr. Elizabeth Parr-Johnston are Directors of Nova Scotia Power. Richard J. Smith is Secretary and General Counsel of Nova Scotia Power. **Shareholders may appoint any other person, who need not be a shareholder, to represent them at the Meeting by inserting that person's name in the space provided on the accompanying Proxy or by completing another form of proxy.**

In order to be valid, a proxy must be received prior to the close of business on Monday, April 1, 1996. A postage-paid, pre-addressed envelope is provided for this purpose.

Completion of the accompanying Form of Proxy gives discretionary authority to the proxyholder in respect of amendments to matters identified in the Notice of Annual Meeting and other matters that may properly come before the Meeting or any adjournment thereof. As of February 9, 1996, management of Nova Scotia Power knows of no such amendments or other matters to be presented for action at the Meeting.

The persons named in the enclosed Form of Proxy will vote the shares represented by the Proxy in accordance with the directions of the Shareholder where a choice is provided on the Form of Proxy. **In the absence of a direction, the shares will be voted "For" the:**

- **election of Directors named in this Circular;**
- **appointment of Ernst & Young as Auditors; and**
- **authorization of the Directors to establish the remuneration of the Auditors.**

The persons named in the enclosed Form of Proxy will vote in accordance with their best judgement if any other matters are properly brought before the Meeting.

Shareholders may revoke their proxy by providing written notification to the Secretary and General Counsel, 18th Floor, Barrington Tower, Scotia Square, P.O. Box 910, Halifax, Nova Scotia B3J 2W5, not later than the last business day preceding the day of the Meeting or any adjournment thereof or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law. If a proxy is revoked and not replaced by the close of business on Tuesday, April 2, 1996, the shares represented by such revoked proxy may only be voted in person by the Shareholder at the Meeting.

**RECORD DATE AND VOTING OF SHARES**

The date for determining which shareholders are entitled to receive Notice of the Annual Meeting is Wednesday, February 28, 1996. Only Shareholders of record at the close of business on that date (the "Record Date") will be entitled to vote either in person or by proxy at the Meeting. Shareholders are entitled to one vote for each common share registered in their name on the Record Date.



To the knowledge of the Directors and Officers of Nova Scotia Power as of the date of this Circular, no person owned or exercised control or direction over more than ten percent of the outstanding common shares of Nova Scotia Power and the only outstanding voting shares were 85,643,441 common shares.

Proxy votes are tabulated by Nova Scotia Power's Registrar and Transfer Agent, Montreal Trust Company of Canada ("Montreal Trust"), for use at the Meeting and management is not aware of how individual shareholders have voted. Shareholder proxies are referred to Nova Scotia Power by Montreal Trust only when the proxies include comments or questions intended for management; however, in circumstances which management believe to be of critical importance to Nova Scotia Power, proxies will be referred to management to facilitate shareholder communications respecting the particular issue.

Resolutions placed before the Meeting will require for approval a simple majority of the votes cast.

### **RESTRICTIONS ON SHARE OWNERSHIP AND VOTING**

There are certain restrictions on the ownership of Nova Scotia Power's voting shares. Direct or indirect holdings of a shareholder may not exceed 15 percent of outstanding voting shares. Shareholders who are not residents of Canada may not hold, in aggregate, more than 25 percent of outstanding voting shares. Holdings by way of security only are exempt from these restrictions.

Nova Scotia Power may enforce these restrictions by limiting the rights of non-complying shareholders such as voting rights, dividend rights and transfer rights. Nova Scotia Power may, at any time, require shareholders to furnish a statutory declaration to verify holdings and/or residency in order to ensure compliance with these restrictions. If you have any questions about ownership and voting restrictions, please contact the Secretary and General Counsel.

### **MATTERS TO BE ACTED UPON**

#### **ELECTION OF DIRECTORS:**

Pursuant to the Nova Scotia Power's bylaws, 12 Directors shall be elected at the 1996 Annual Meeting. No more than two Directors may be current or former Officers or employees of Nova Scotia Power or its predecessors. The Chair of the Board must not be an employee of Nova Scotia Power. The President and Chief Executive Officer is the only Officer and employee currently on the Board of Directors.

The following nominees, with the exception of Mr. J. Gerald Godsoe, Q.C., and Mr. Purdy Crawford, are currently Directors of Nova Scotia Power. All nominees have indicated their willingness to serve as a Director. Each Director elected at the Meeting will hold office until the next annual meeting of shareholders unless that person resigns or the office of such Director becomes vacant by reason of death, removal or other cause.

**Unless Shareholders specify that Proxies not be voted relating to the election of Directors, the persons named in the enclosed Proxy intend to vote "For" the 12 persons named herein.**

The following table of nominees sets out the present principal occupation of each nominee, positions held with Nova Scotia Power, if any, and the date on which each nominee first became a Director of Nova Scotia Power. The table also shows the number of voting securities of Nova Scotia Power that each nominee beneficially owns, directly or indirectly, or exercises control or direction over, as of February 9, 1996.



Name, Municipality of Residence, and Principal Occupation	Director Since	Voting Shares <sup>(1)</sup>
George A. Caines, Q.C. <sup>(2)</sup> Halifax, Nova Scotia Managing Partner Stewart McKelvey Stirling Scales (barristers and solicitors)	April 20, 1995	2,000
Purdy Crawford Toronto, Ontario Chair Imasco Limited (consumer products and services company]	New Nominee	-
Marc de Logeres <sup>(2) (3)</sup> New York, New York Consultant Zanett Capital Inc. (securities)	July 24, 1992	100
R. Irene d'Entremont <sup>(3)</sup> Yarmouth, Nova Scotia President M.I.T. Electronics Inc. (Marine Industry Products)	April 20, 1995	100
J. Gerald Godsoe, Q.C. <sup>(4)</sup> Halifax, Nova Scotia Senior Partner Stewart McKelvey Stirling Scales (barristers and solicitors)	New Nominee	1,000
Thomas R. Hall <sup>(3)</sup> Marble Mountain, Nova Scotia Consultant	April 6, 1992	1,157
M. Edward MacNeil <sup>(2)</sup> Sydney, Nova Scotia Company Director	April 6, 1992	2,500
Derek Oland <sup>(5)</sup> Halifax, Nova Scotia President and Chief Executive Officer Moosehead Breweries Limited (brewers)	April 6, 1992	106
Dr. Elizabeth Parr-Johnston <sup>(6)</sup> Halifax, Nova Scotia President and Vice-Chancellor Mount Saint Vincent University	April 6, 1992	1,000
Kenneth C. Rowe <sup>(2) (6)</sup> Halifax, Nova Scotia Chairman, President and Chief Executive Officer IMP Group International Inc. (aerospace, aviation, and marine industries)	April 6, 1992	5,000
Rosemary Scanlon <sup>(3)</sup> New York, New York State Deputy Comptroller for the City of New York	April 6, 1992	600



Name, Municipality of Residence, and Principal Occupation	Director Since	Voting Shares <sup>(1)</sup>
Paul D. Sobey <sup>(2) (6)</sup> New Glasgow, Nova Scotia Chairman and Chief Executive Officer Atlantic Shopping Centres Limited (real estate)	April 6, 1992	5,675

**Notes:**

- (1) The information as to shares has been furnished by the respective nominees
- (2) Management Resources and Compensation Committee Member
- (3) Audit Committee Member
- (4) Mr. Godsoe will terminate his position with Stewart McKelvey Stirling Scales and will replace Mr. Comeau as President and Chief Executive Officer following Mr. Comeau's retirement upon the adjournment of the April 3, 1996 Annual Meeting of Shareholders
- (5) Chair of the Board of Directors
- (6) Nominating and Corporate Governance Committee Member

**APPOINTMENT OF AUDITORS:**

The persons named in the enclosed Proxy intend to vote "For" the re-appointment of Ernst & Young as auditors of Nova Scotia Power to hold office until the close of the next Annual Meeting of Shareholders, unless a Shareholder specifies their shares be withheld from voting.

Ernst & Young were first appointed auditors of Nova Scotia Power in 1991.

**AUDITORS' REMUNERATION:**

The persons named in the enclosed Proxy intend to vote "For" the authorization of Directors to establish the auditors' remuneration, unless a Shareholder specifies their shares be voted "Against" such matter.

**COMPENSATION OF DIRECTORS**

Each Director, who is neither an Officer nor the Chair of the Board, is paid a retainer of \$12,000 per year, a fee of \$750 for each Board, Committee and Shareholders' Meeting attended and \$750 if a day's travel time is required to attend such meetings. The Chair of each Committee of the Board receives an additional retainer of \$2,500 per year. The Chair of the Board receives a retainer of \$50,000 per year and does not receive any additional remuneration for attendance at meetings or as Chair of any Committee. All Directors are reimbursed for expenses incurred for attendance at Board, Committee, and Shareholders' Meetings and on official Nova Scotia Power business. Directors are eligible to participate in certain group health benefits which are available to employees of Nova Scotia Power and are required to contribute to premium costs of such benefits in the same fashion as employees.

**COMMITTEES OF THE BOARD OF DIRECTORS**

Nova Scotia Power's Board of Directors has three Committees to assist it in carrying out its duties. These Committees must consist of Directors who are not employees of Nova Scotia Power. The Board of Directors may establish an Executive Committee of the Board of Directors. The Directors have determined that, because of the relatively small size of the Board, it is not appropriate to constitute such a Committee at this time. This helps ensure that all Directors are fully briefed on issues relating to Nova Scotia Power.

The *Audit Committee* must consist of at least three Directors. This Committee is responsible for ensuring that appropriate internal control procedures are in place relating to the internal and external audit of Nova Scotia Power's accounts. The Audit Committee reviews investment issues and policies. It also reviews and



recommends to the Board of Directors for approval, documents such as the Annual Report, the Annual Information Form, the Management Discussion and Analysis contained in the Annual Report, the audited financial statements and the unaudited interim reports to shareholders. The Audit Committee meets at least quarterly with the internal and external auditors and management.

The *Nominating and Corporate Governance Committee* must consist of three Directors. This Committee is responsible for providing a list of nominees for election as Directors and ensuring that such nominees are, in the reasonable opinion of the Committee, individuals who have the ability to contribute to the broad range of issues with which the Directors must deal and to devote the necessary time to the Board of Directors. The Committee also reviews issues associated with corporate governance practices, compensation of Directors, and makes recommendations to the Directors with respect to same.

The *Management Resources and Compensation Committee* (the "MRC Committee") reviews compensation policies, benefits and other matters relating to senior management and monitors succession planning. It reviews the annual incentive plan for all Executive Officers, makes recommendations to the Board of Directors in respect of these matters and evaluates the performance of the President and Chief Executive Officer. The Committee also administers NSPI's Executive Officers' Stock Option Plan.

#### MEETING ATTENDANCE:

During the 1995 fiscal year, the Board and these Committees met on 18 occasions with an average attendance of 93 percent by the Directors.

#### COMPOSITION OF MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE:

The MRC Committee consists of six Directors and is required to meet at least annually. The MRC Committee met three times during 1995. The MRC Committee's recommendations are submitted to the Board of Directors for approval.

In accordance with the practices of the Board of Directors, which provide for the regular review of the membership of the Committees of the Board, the members of the MRC Committee changed in 1995. Prior to May 1995, the MRC Committee consisted of Dr. Elizabeth Parr-Johnston (Chair), Sir Graham Day and Mr. M. Edward MacNeil. The MRC Committee currently consists of Mr. Paul D. Sobey (Chair), Mr. George A. Caines, Sir Graham Day, Mr. Marc de Logeres, Mr. M. Edward MacNeil and Mr. Kenneth C. Rowe.

### REPORT ON EXECUTIVE COMPENSATION

#### REPORT OF THE MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE:

Nova Scotia Power's overall compensation policy is designed to attract and retain competent employees and to optimize return on the investment of compensation dollars through improved productivity. Compensation for non-union employees, including Executive Officers, is based upon the application of a consistent system of position evaluations; the provision of salary ranges for positions which are designed to maintain fair and equitable relationships among positions within Nova Scotia Power; recognition of individual employee contributions to the achievement of desired corporate objectives; and establishment of salary ranges which are competitive with positions in comparable organizations as established by annual compensation surveys. Nova Scotia Power has determined that, in order to be competitive, compensation be at the median level of such organizations.

In addition to base salary, Nova Scotia Power's compensation plan includes incentive plans for all non-union employees and a stock purchase plan whereby all employees may purchase common shares at a price equal to 90 percent of the average high and low board lot trading prices of Nova Scotia Power's common shares traded on The Toronto Stock Exchange for the five trading days immediately preceding the purchase date.



Nova Scotia Power's executive compensation policy has been developed on the general principle that compensation and benefits paid to Executive Officers be based on the median of compensation levels paid for comparable positions in other publicly traded Canadian companies which have revenues similar to Nova Scotia Power, with particular emphasis on regulated utilities and Atlantic-based companies. Surveys of such comparable positions are conducted for the MRC Committee by external compensation consultants. The compensation policy is also designed to attract and retain highly qualified Executive Officers; to provide an opportunity for Executive Officers to participate in Nova Scotia Power's future growth; and to further Nova Scotia Power's long-term success and profitability.

Mr. Comeau was President and Chief Executive Officer of the former Nova Scotia Power Corporation for the period March 1, 1983 to August 10, 1992. His compensation during that period was less than was typically available to chief executive officers of other Canadian public utilities and continues to be below the median compensation paid to chief executive officers of comparable organizations. The MRC Committee determined in 1994 that the compensation paid to Nova Scotia Power's President and Chief Executive Officer should be moved towards the median level for comparable organizations and Mr. Comeau's salary was adjusted so as to move closer to this level. Details of the current compensation arrangements are set out under "Employment Contract - Chief Executive Officer" in this Circular.

Compensation for Executive Officers includes base salary and Annual and Long Term Incentive Plans. Through participation in these plans, the President and Chief Executive Officer and other Executive Officers receive additional annual compensation based on the overall performance of Nova Scotia Power for the particular year, their success in meeting predetermined personal goals and the longer term performance of Nova Scotia Power. In addition, Executive Officers may participate in Nova Scotia Power's Employee Common Share Purchase Plan.

### ***Annual Incentive Plans***

Nova Scotia Power believes annual incentive plans are an integral part of a balanced compensation program. These plans are intended to reward employees for the achievement of predetermined levels of performance in support of corporate objectives and for performance above and beyond the normal expectations for the position.

#### ***Executive Officers' Plan***

Nova Scotia Power instituted an annual incentive plan for Executive Officers in 1993. Prior to instituting this plan, independent compensation consultants advised that based on a survey of 16 investor-owned electric, gas and telephone utilities in Canada, all provided an annual incentive plan for their executives. A survey of 256 industrial organizations showed that 87 percent provided an annual incentive plan for executives.

The annual incentive plan for the President and Chief Executive Officer contains performance targets based on corporate and personal results. The annual incentive plan for the other Executive Officers contain targets based on corporate and personal results as well as targets which are based on performance of the area of responsibility of each Executive Officers ("divisional targets").

At the beginning of each year, the President and Chief Executive Officer recommends to the MRC Committee a number of corporate, divisional and personal targets for the year. Success in meeting the targets is measured by matters of both a quantitative and qualitative nature. The recommendations of the President and Chief Executive Officer are considered by the MRC Committee and may be accepted or modified by the MRC Committee. The MRC Committee annually recommends the plan's targets to the Board for approval. Its recommendation includes targets for the President and Chief Executive Officer which are determined by the MRC Committee.

For 1995, the measures used to assess corporate performance were based on levels of customer and external relations and financial performance. Divisional targets related to the operations of areas of responsibility and included measures of operational efficiency and effectiveness, expense control, and improved safety performance. Personal targets related to the completion of projects or initiatives considered to be of importance to Nova Scotia Power and varied among individuals.



Awards are made after the completion of a formal review process measuring actual performance against the targeted performance. The President and Chief Executive Officer carries out the review of the other Executive Officers and recommends the level of award to the MRC Committee. The President and Chief Executive Officer's review is carried out by the MRC Committee. No awards are made if specified targets are not met. The President and Chief Executive Officer is entitled to annual awards of up to 45 percent of salary based on performance levels achieved. All other Executive Officers are entitled to annual awards of up to 30 percent of salary based on performance levels achieved. The awards granted to the President and Chief Executive Officer and the four other most highly compensated Executive Officers are set out in the "Summary Compensation Table".

#### *Other Plans*

Annual incentive plans have been instituted which allow all non-union employees to receive additional annual compensation based upon Nova Scotia Power's overall performance.

#### ***Long-Term Incentive Plan (Executive Officers' Stock Option Plan)***

The administration of the Executive Officers' Stock Option Plan (the "Stock Option Plan") has been delegated by the Board of Directors to the MRC Committee. Participation in the Stock Option Plan is entirely voluntary.

The MRC Committee is responsible for designating which Executive Officers will be eligible to participate in the Stock Option Plan and for granting options. Options are granted for a maximum term of ten years. All options granted to date are exercisable on a graduated basis with up to 25 percent of the options exercisable on the first anniversary date and in further 25 percent increments on each of the second, third, and fourth anniversaries of the grant. If an option is not exercised within ten years, it expires and the optionee loses all rights thereunder. The holder of an option has no right as a Shareholder until the option is exercised and shares have been issued. There are 1,706,109 common shares reserved for issuance under the Stock Option Plan. The maximum number of such shares optioned to any one Executive Officer cannot exceed one percent of the issued and outstanding common shares on the date the option is granted.

The issue price of all Stock Option Plan options is the closing market price of Nova Scotia Power's Common Shares on The Toronto Stock Exchange on the last business day on which such shares were traded immediately preceding the day on which the option was granted.

Options are non-assignable. Unless the term of an option has expired, options may be exercised by an optionee, or by the optionee's estate, within six months from the date of termination of employment or death.

The number of optioned shares will be appropriately adjusted in the event of any restructuring of Nova Scotia Power's capital stock.

#### ***Employee Common Share Purchase Plan***

Nova Scotia Power implemented an Employee Common Share Purchase Plan in January 1996 which permits all employees, including the President and Chief Executive Officer and other Executive Officers, to annually contribute up to \$4,000 for the purchase of Nova Scotia Power's common shares through regular payroll deduction or quarterly payments. Shares are purchased at 90 percent of market price and are issued from Nova Scotia Power's Treasury. Directors who are not employees are not eligible to participate in the Employee Common Share Purchase Plan.

Submitted by the MRC Committee of the Board of Directors:

Mr. Paul D. Sobey, Chair  
Mr. George A. Caines, Q.C.  
Sir Graham Day  
Mr. Marc de Logeres  
Mr. M. Edward MacNeil  
Mr. Kenneth C. Rowe

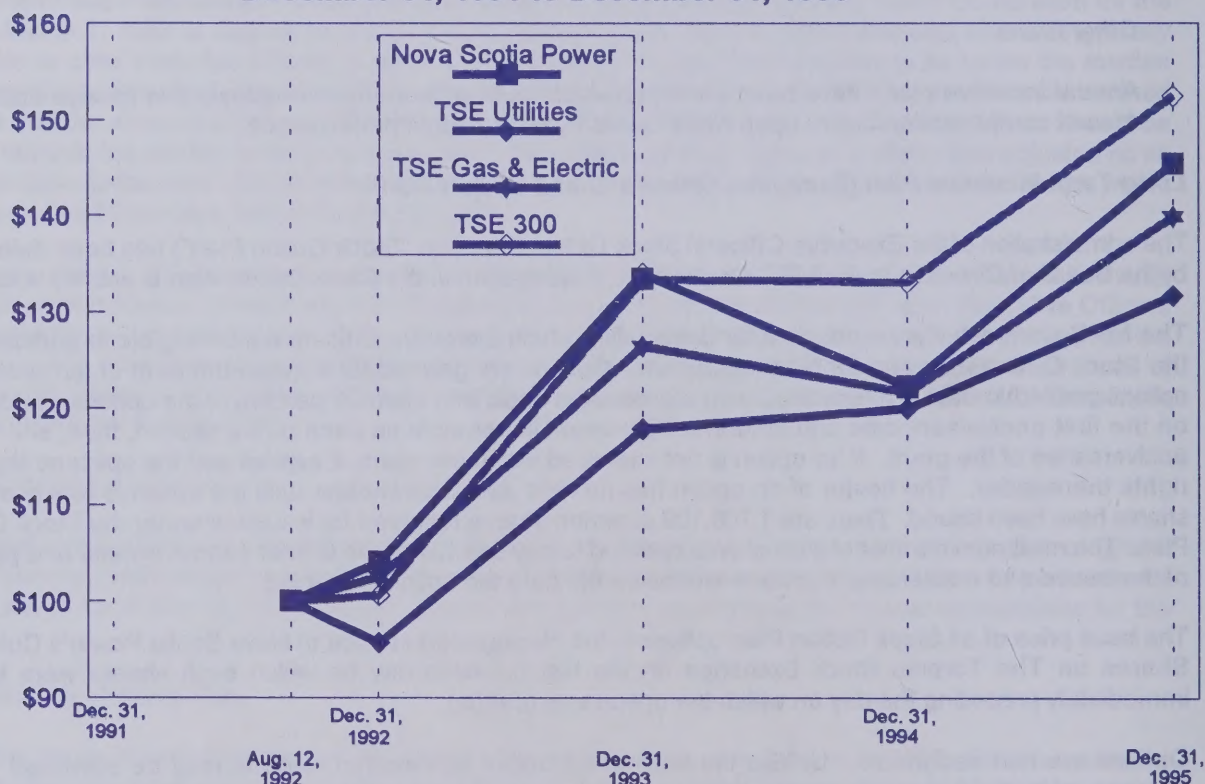


## PERFORMANCE GRAPH

The performance graph below compares Nova Scotia Power's cumulative total shareholder return (assuming an investment of \$100 and reinvestment of dividends) for its shares with that of the TSE 300 index, the TSE Utilities sub-index, and the TSE Gas and Electric sub-index. Nova Scotia Power's common shares commenced trading on August 12, 1992.

### Cumulative Total Return on \$100 Investment

December 31, 1991 to December 31, 1995



	August 12, 1992 (\$)	December 31, 1992 (\$)	December 31, 1993 (\$)	December 31, 1994 (\$)	December 31, 1995 (\$)
Nova Scotia Power	100	104	134	122	145
TSE Utilities	100	96	118	120	132
TSE Gas & Electric	100	103	126	122	140
TSE 300	100	101	133	133	152

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

The "Summary Compensation Table" sets out compensation information for Nova Scotia Power's fiscal year ended December 31, 1995 for the President and Chief Executive Officer and the four other most highly compensated Executive Officers, based on 1995 earnings.



## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation <sup>(3)</sup>
		Salary (\$)	Bonus <sup>(1)</sup> (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options/ SARs Granted <sup>(2)</sup> (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Louis R. Comeau President and Chief Executive Officer	1995	185,287	42,185	Nil	25,000	Nil	Nil	2,670
	1994	165,621	43,890	Nil	20,000	Nil	Nil	2,413
	1993	157,212	40,640	Nil	Nil	Nil	Nil	2,304
Gary K. Oickle Vice-President and Chief Financial Officer	1995	148,966	27,900	Nil	15,000	Nil	Nil	2,129
	1994	136,848	19,775	Nil	10,000	Nil	Nil	1,972
	1993	127,698	19,601	Nil	Nil	Nil	Nil	1,872
L. Robert Shaw Vice-President Public Affairs and Corporate Development	1995	139,195	21,097	Nil	15,000	Nil	Nil	2,080
	1994	141,528	21,441	Nil	10,000	Nil	Nil	2,039
	1993 <sup>(4)</sup>	46,668	-	Nil	Nil	Nil	Nil	2,018
Terrance F. MacDonald Vice-President System Planning and Environment	1995	138,835	18,995	Nil	15,000	Nil	Nil	2,069
	1994	136,848	19,500	Nil	10,000	Nil	Nil	1,972
	1993	124,518	14,823	Nil	Nil	Nil	Nil	1,863
Philip N. Sidebottom Vice-President Power Production	1995	133,601	24,080	Nil	15,000	Nil	Nil	1,992
	1994	128,640	17,559	Nil	10,000	Nil	Nil	1,854
	1993 <sup>(5)</sup>	107,691	-	Nil	Nil	Nil	Nil	1,728

<sup>(1)</sup> Incentive compensation is paid during the first quarter of the year for achievements in the previous year.

<sup>(2)</sup> Plan implemented in 1994.

<sup>(3)</sup> Amounts in this column reflect premiums paid by Nova Scotia Power for term life insurance.

<sup>(4)</sup> Mr. Shaw joined Nova Scotia Power as Vice-President on August 30, 1993 and was not eligible to participate in the Executive Officers' Annual Incentive Plan during 1993. His 1993 salary is for the period August 30, 1993 to December 31, 1993.

<sup>(5)</sup> Mr. Sidebottom became a Vice-President on October 1, 1993, and was not eligible to participate in the Executive Officers' Annual Incentive Plan during 1993.

## OPTION GRANTS DURING THE MOST RECENTLY COMPLETED FISCAL YEAR

The following table shows information regarding grants of stock options made to the Named Executive Officers during the fiscal year ended December 31, 1995. Details of the Plan can be found under "Report on Executive Compensation - Long-Term Incentive Plan (Executive Officers' Stock Option Plan)" in this Circular.



Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in 1995	Exercise or Base Price \$/Common Share	Market Value of Securities Underlying Options on the Date of Grant \$/Common Share	Expiration Date
Louis R. Comeau	25,000	19.23	11.38	11.38	February 9, 2005
Gary K. Oickle	15,000	11.54	11.38	11.38	February 9, 2005
L. Robert Shaw	15,000	11.54	11.38	11.38	February 9, 2005
Terrance F. MacDonald	15,000	11.54	11.38	11.38	February 9, 2005
Philip N. Sidebottom	15,000	11.54	11.38	11.38	February 9, 2005

**AGGREGATED OPTION EXERCISES DURING THE MOST RECENTLY COMPLETED FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES**

The following table summarizes for each of the Named Executive Officers the number of common shares of Nova Scotia Power acquired pursuant to the exercises of stock options during the fiscal year ended December 31, 1995, if any, the aggregate value realized upon exercise, if any, and the number of common shares covered by unexercised options under the Executive Stock Option Plan as at December 31, 1995. Value realized upon exercise, if any, is the difference between the fair market value of the common shares on the exercise date and the exercise or base price of the option. Value of unexercised in-the-money options at fiscal year-end, if any, is the difference between the exercise or base price of the options and the fair market value of the common shares on December 31, 1995 which was \$12.38.

Pursuant to the terms of the Executive Stock Option Plan, no options currently granted to Executive Officers could be exercised before July 6, 1995, and, as of December 31, 1995, none of the persons granted options had exercised options.

Name (a)	Securities Acquired on Exercise (#) (b)	Aggregate Value Realized (\$) (c)	Unexercised Options at December 31, 1995 (#) (d)		Value of Unexercised in-the-Money Options at December 31, 1995 (\$) (e)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Louis R. Comeau	Nil	Nil	5,000	40,000	5,650	41,950
Gary K. Oickle	Nil	Nil	2,500	22,500	2,825	23,475
L. Robert Shaw	Nil	Nil	2,500	22,500	2,825	23,475
Terrance F. MacDonald	Nil	Nil	2,500	22,500	2,825	23,475
Philip N. Sidebottom	Nil	Nil	2,500	22,500	2,825	23,475



## PENSION PLAN TABLE

The Pension Plan Table below sets out the estimated annual benefits payable to Executive Officers upon retirement at age 60 for the various salary/years of service combinations as shown.

Remuneration	Years of Credited Service at Normal Retirement Age of 60				
	15	20	25	30	35
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
100,000	30,000	40,000	50,000	60,000	70,000
125,000	37,500	50,000	62,500	75,000	87,500
150,000	45,000	60,000	75,000	90,000	105,000
175,000	52,500	70,000	87,500	105,000	122,500
200,000	60,000	80,000	100,000	120,000	140,000
225,000	67,500	90,000	112,500	135,000	157,500

Executive Officers are members of Nova Scotia Power's pension plan. Pension benefits paid under this pension plan are based on two percent of the average of the five highest years' salary, excluding bonuses, multiplied by each year of credited service. The pension is payable upon the earlier of:

- (i) age 60; and
- (ii) age 55, provided that age and years of service add to at least 85.

Members of the pension plan contribute 5.4 percent of earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan, plus seven percent of earnings over the YMPE.

Spousal benefits are paid on the death of a member at the rate of 60 percent of regular pension benefits. The pension plan is indexed to the consumer price index to a maximum of six percent per annum. Upon reaching age 65, pension benefits under the pension plan are reduced to reflect commencement of payments under the Canada Pension Plan (CPP).

While the major portion of the above pension will be provided by the pension plan, a portion of the pension earned after January 1, 1992 will be provided by direct payments from Nova Scotia Power due to Revenue Canada's limitations on the maximum pension benefit which may be paid under the pension plan. Effective February 1995, Executive Officers were no longer required to make contributions to fund such supplementary payments.

For purposes of computing pension benefits, the estimated full years of actual credited service in the pension plan at the assumed normal retirement date for the Named Executive Officers is as follows:

<u>Named Executive Officer</u>	<u>Years in Plan at Age 60 Retirement</u>
Louis R. Comeau	17.92
Gary K. Oickle	20.91
L. Robert Shaw	8.58
Terrance F. MacDonald	33.66
Philip N. Sidebottom	25.63

Mr. Comeau is a member of the Nova Scotia Power pension plan and pursuant to the terms of his Employment Contract also has supplementary pension entitlements which, when added to the regular pension, will provide for pension benefits of \$79,767 per annum at age 55. The pension benefits will be administered and subject to all the terms and conditions as if fully provided pursuant to the pension plan. Mr. Comeau will retire upon the adjournment of the April 3, 1996 Annual Meeting of Shareholders at age 55. Therefore, the calculations set out in the "Pension Plan Table" and the calculations set out immediately above are purely theoretical as they relate to Mr. Comeau.



In addition to the pension plan entitlements, upon retirement all regular employees, including the Named Executive Officers, are entitled to a retirement award equal to one week's pay for each year of service to a maximum of 26 weeks.

### **EMPLOYMENT CONTRACT - CHIEF EXECUTIVE OFFICER**

Pursuant to the terms and conditions of an Employment Contract with Nova Scotia Power, the President and Chief Executive Officer is employed for a term ending upon the adjournment of the 1996 Annual Meeting of Shareholders. The annual salary for 1995 is shown in the "Salary" column in the "Summary Compensation Table".

The Contract entitles him to the same perquisites provided to other Executive Officers during 1995 and the following additional benefits:

- (a) An automobile and operating costs of same.
- (b) Payment of annual dues for three social/recreational clubs.

The Contract terminates upon death or incapacity and may be terminated at any time for cause or any other reason. If terminated for a reason other than cause, Nova Scotia Power will pay Mr. Comeau the balance of the salary which would have been paid to him from the date of termination to the end of the term and will permit him continued participation in all employee benefit plans for such period in full and final settlement of any claim for early termination. The Contract also provides that Mr. Comeau will hold all company trade secrets or other confidential information in confidence. Details of Mr. Comeau's pension entitlement can be found under "Pension Plan Table" in this Circular.

### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

As at February 9, 1996, there was no indebtedness of the Directors, Executive Officers (including the Named Executive Officers) and Senior Management to Nova Scotia Power. Nova Scotia Power does not have any current program which allows for the provision of loans to employees or Directors.

### **MATERIAL TRANSACTIONS**

During 1995, insiders of Nova Scotia Power, including Directors, Executive Officers, proposed nominee Directors or their associates or corporations they controlled, did not have any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or will materially affect Nova Scotia Power.

### **MANAGEMENT CONTRACTS**

There are no functions of management which are performed by a person or company other than the Directors, Executive Officers or other employees of Nova Scotia Power.

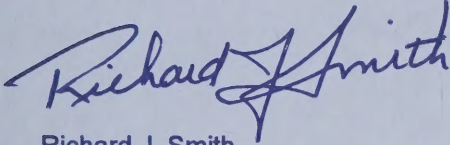
### **DIRECTORS' AND OFFICERS' INSURANCE**

Nova Scotia Power maintains Directors' and Officers' liability insurance. This insurance coverage reimburses Nova Scotia Power for payments made to its Directors and Officers pursuant to corporate indemnity provisions. Individual Directors and Officers will be reimbursed by the insurance coverage for losses arising during the performance of their duties for which they are not indemnified by Nova Scotia Power. The policy limit is \$20,000,000 per occurrence per year subject to a deductible of \$50,000 per occurrence with respect to the corporate indemnity provisions and no deductible with respect to the individual reimbursement provisions. The current premium in respect of the Directors' and Officers' liability insurance is approximately \$57,000 per annum. The insurance policy does not distinguish between the Directors and Officers as separate groups.



**DIRECTORS' APPROVAL**

The contents and the sending of this Circular have been approved by the Board of Directors of Nova Scotia Power.

A handwritten signature in blue ink, reading "Richard J. Smith". The signature is written in a cursive style with a large, stylized "R" and "S".

Richard J. Smith  
Secretary and General Counsel

Halifax, Nova Scotia  
February 9, 1996



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